

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Market-Dominant Price Change

Docket No. R2022-1

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued April 14, 2022)

To clarify the basis of information provided by the Postal Service in its Notice of Market Dominant Price Change, filed April 6, 2022,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than April 21, 2022.

First-Class Mail

1. In Library Reference USPS-LR-R2022-1/1, Excel file "CAPCALC-FCM-R2022-1.xlsx," the Postal Service lists the current price for Presort Nonautomation Machinable Letter Round Trip Mailer (RTM) and Flat RTM pieces as \$0.461.² In Docket No. R2021-2, Library Reference PRC-LR-R2021-2/1, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx," the price approved by the Commission for Presort Nonautomation Machinable Letter and Flat RTM pieces was \$0.494.³ Please reconcile this discrepancy and file an updated Library Reference USPS-LR-R2022-1/1, Excel file "CAPCALC-FCM-R2022-1.xlsx" if necessary.

¹ United States Postal Service Notice of Market-Dominant Price Change, April 6, 2022 (Notice).

² Library Reference USPS-LR-R2022-1/1, April 6, 2022, Excel file "CAPCALC-FCM-R2022-1.xlsx," tab "Nonauto Presort Letters," cells I15 and I16 and tab "Nonauto Presort Flats," cells H6 and H7.

³ Docket No. R2021-2, Library Reference PRC-LR-R2021-2/1, July 19, 2021, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx," tab "Nonauto Prsrt Letters," cell L14 and tab "Nonauto Presort Flats," cell K5.

2. In the Notice, the Postal Service states that it is increasing the weight limit for Qualified Business Reply Mail (QBRM) to 3.5 ounces and instituting a uniform price for QBRM Letters up to 3.5 ounces. Notice at 8. The Postal Service states that “[t]he intended effect of these changes will be to reduce costs for the Postal Service....” *Id.* Please identify the ways in which the Postal Service expects these changes to reduce its costs and explain in detail the basis for its expectation.
3. Please refer to Library Reference USPS-LR-R2022-1/NP1, Excel file “Inbound CAPCALC-FCMI-R2022-1.xlsx,” tab “Terminal Dues.”⁴ Please also refer to Universal Postal Union (UPU) Abidjan Congress proposal 20.29.1,⁵ UPU Abidjan Congress proposal 20.30.1.Rev 1,⁶ and International Bureau (IB) Circular 103.⁷
 - a. Please confirm that IB Circular 103 reflects the rates later adopted by the UPU Congress in proposals 20.29.1 and 20.30.1.Rev 1, as well as the average composition of one kilogram of mail in proposal 20.29.1, paragraph 16, where applicable.
 - b. If question 3.a. is confirmed, please explain the differences in rates in the following cells: C18 and D19, C43 and D44, C49 and D50, C76 and D77, C82 and D83, C107 and D107, C109 and D109, and C113 and D113 in Library Reference USPS-LR-R2022-1/NP1, Excel file “Inbound CAPCALC-FCMI-R2022-1.xlsx,” tab “Terminal Dues.”

⁴ Library Reference USPS-LR-R2022-1/NP1, April 6, 2022, Excel file “Inbound CAPCALC-FCMI-R2022-1.xlsx,” tab “Terminal Dues.”

⁵ Proposal 20.29.1 to amend the Universal Postal Convention at the 27th UPU Congress, Article 29, Terminal dues. Provisions applicable to mail flows between designated operators of countries in the target system, March 17, 2020.

⁶ Proposal 20.30.1.Rev 1 to amend the Universal Postal Convention at the 27th UPU Congress, Article 30, Terminal dues. Provisions applicable to mail flows to, from and between designated operators of countries in the transitional system, June 28, 2021.

⁷ International Bureau Circular 103, Provisional 2022 quality-linked terminal dues rates, June 28, 2021.

- c. If question 3.a. is not confirmed, please explain and cite the sources for the rates in cells C18, C43, C49, C76, C82, C107, and C113 in Library Reference USPS-LR-R2022-1/NP1, Excel file “Inbound CAPCALC-FCMI-R2022-1.xlsx,” tab “Terminal Dues.”

USPS Marketing Mail

4. 39 C.F.R. § 3030.122(d) requires that the Postal Service provide “[a] schedule of the planned rate adjustments, including a schedule identifying every change to the Mail Classification Schedule that will be necessary to implement the planned rate adjustments.” 39 C.F.R. § 3030.122(d). The Postal Service represents that it shows planned changes to the Mail Classification Schedule (MCS) in legislative format. Notice at 28 n.24.
 - a. On page 51 of Revised Attachment A, the Postal Service adds new text related to new containerization workshare discounts for Saturation, Every Door Direct Mail, High Density Plus, and High Density flats in 5-Digit Containers.⁸ Please confirm that the changes under the heading “*Containerization Discounts*” on page 51 of Revised Attachment A should have appeared in underlined text showing the changes in legislative format. If not confirmed, please explain. If confirmed, please provide an updated Revised Attachment A page reflecting the changes.
 - b. On page 63 of Revised Attachment A, under the heading “*Forwarding-and-Return Service*,” the price for forwarded letters is \$0.54. Revised Attachment A at 63. Please confirm that \$0.54 should have appeared in underlined text showing the change in legislative format. If not confirmed, please explain. If confirmed, please provide an updated Revised Attachment A page reflecting the change.

⁸ United States Postal Service Notice of Filing Updated Mail Classification Schedule Language, April 12, 2022, Attachment A at 51 (Revised Attachment A).

- c. Please confirm that all other MCS changes proposed in this proceeding are identified in legislative format by the Postal Service in Revised Attachment A. If not confirmed, please provide explanations for the additional changes needed and updated Revised Attachment A pages reflecting the changes in legislative format.
5. On page 66 of Revised Attachment A, the Postal Service proposes to change “*Nonautomation*” to “*Nonmachinable*” in the heading for a size and weight limitations table. *Id.* at 66. Please confirm that this change is intended to correct a typographical error. If not confirmed, please explain the reason(s) for this change.

Periodicals

6. For First-Class Mail, the Postal Service states that “reported volumes for the new Seamless Acceptance incentive introduced in Docket No. R2021-1 are available for three quarters of the hybrid year, as the incentive went into effect on January 24, 2021. Therefore, the Postal Service is using Postal One data to determine qualifying volume for the portion of the hybrid year for Quarter 2 FY2021.” Notice at 11. For Periodicals, the Seamless Acceptance volumes for Quarter 2 FY2021 match the volumes in the Billing Determinants for Quarter 2 FY2021,⁹ not the Postal One data for Quarter 2 FY2021.¹⁰ Please confirm that the Seamless Acceptance volumes should match the Postal One data from Docket No. R2021-2, Library Reference USPS-LR-R2021-2/6. If confirmed, please provide an updated Library Reference USPS-LR-R2022-1/3, Excel file “USPS-CAPCALC-PER-R2022-1.xlsx.” If not confirmed, please explain.

⁹ Docket No. ACR2021, Library Reference USPS-FY21-4, December 29, 2021, Excel file “FY21 Periodicals BDs.xlsx.”

¹⁰ Docket No. R2021-2, Library Reference USPS-LR-R2021-2/6, May 28, 2021, Excel file “Seamless Volumes R2021-2.xlsx,” tab “Periodicals.”

Special Services

7. The Postal Service proposes several classification changes related to Address Management Services. Revised Attachment A at 165, 172.
 - a. For Multiline Accuracy Support System (MASS) Certification, the Postal Service proposes to end the practice of charging one-half the applicable fee for recertification of a machine due to a move, transfer, or upgrade. *Id.* at 165, 172. The Postal Service also proposes to have the initial test be provided at no charge with each subsequent test paying the applicable fee. *Id.* at 165.
 - i. Please explain the reason(s) the Postal Service proposes to end the practice of charging one-half the applicable fee for recertification of a machine due to a move, transfer, or upgrade.
 - ii. Please explain the reason(s) the Postal Service proposes to have the initial test be provided at no charge.
 - iii. Please confirm that page 170 of Revised Attachment A should have contained eight notes numbered “9” and four notes numbered “10” in strikethrough to show the proposed changes to MASS Certification in legislative format. If confirmed, please provide an updated Revised Attachment A page reflecting the changes. If not confirmed, please explain.
 - iv. Please explain whether an additional change is needed to the price table for MASS Certification to reflect that the Postal Service is proposing that the initial test be provided at no charge. *See id.* at 170. If an additional change is needed, please provide an updated Revised Attachment A page reflecting the change. If necessary, please also update Library Reference USPS-LR-R2022-1/5, Excel file “R2022-1 Special Services CapCalc.xlsx” to reflect this change.

- b. For National Change of Address^{Link} (NCOA^{Link}) Service, the Postal Service proposes to remove language that states that there is “[n]o proration for fees for additional sites.” *Id.* at 172.
 - i. Please confirm that with the removal of this language the Postal Service intends to allow for proration of fees for additional sites.
 - ii. If question 7.b.i. is not confirmed, please explain why the Postal Service proposes to remove this language.
 - iii. If question 7.b.i. is confirmed, please explain the reason(s) the Postal Service proposes to allow for proration of fees for additional sites.
 - c. For Delivery Sequence File—2nd Generation (DSF²) Service, the Postal Service proposes to remove language that states that “[t]here is no proration for additional locations or platforms.” *Id.*
 - i. Please confirm that with the removal of this language the Postal Service intends to allow for proration for additional locations and platforms.
 - ii. If question 7.c.i. is not confirmed, please explain why the Postal Service proposes to remove this language.
 - iii. If question 7.c.i. is confirmed, please explain the reason(s) the Postal Service proposes to allow for proration for additional locations and platforms.
8. The Postal Service proposes to add new Customized Address prices for Caller Service. *Id.* at 174.
- a. Please explain the reason(s) for creating a new category of prices for Customized Addresses. In the response, please include any market

research, workpapers, or other analysis the Postal Service conducted or utilized in deciding to create this category.

- b. Please explain whether a Customized Address customer would be charged only the Customized Address price to obtain Caller Service or whether such customer would also be charged the Group price and Caller Number Reservation price in addition to the Customized Address price.
 - c. Please explain or provide an example of how the Postal Service intends to express transactions and revenues for Customized Address in the Billing Determinants and future Special Services “CapCalc” files.
9. In the Notice, the Postal Service states that “all Priority Mail will now include \$100 of insurance.” Notice at 26. The Postal Service reiterates this specifically with regard to Priority Mail Return service in the introductory information in its *Federal Register* notice concerning New Mailing Standards for Domestic Mailing Services Products, stating “the Postal Service is proposing to include the \$100.00 of insurance with Priority Mail Return service pieces.”¹¹ However, the revised proposed rule states “[i]nsurance is not included with the postage for Priority Mail Return service.” *Id.* at 21,603. Please reconcile this discrepancy.

By the Chairman.

Michael Kubayanda

¹¹ New Mailing Standards for Domestic Mailing Services Products, 87 Fed. Reg. 21,601, 21,601 (Apr. 12, 2022).